

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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In the Matter of	)	
	)	DOCKET FILE COPY ORIGINAL
Local Exchange Carriers' Rates	)	
Terms, and Conditions for	)	CC Docket No. 94-97
Expanded Interconnection Through	)	Phase I
Virtual Collocation for	)	
Special Access and Switched Transport	)	

**THE UNITED AND CENTRAL TELEPHONE COMPANIES  
REPLY TO OPPOSITION OF TIME WARNER**

The United and Central Telephone Companies ("the Sprint LECs") hereby file their reply to the opposition of Time Warner Communications Holdings, Inc. ("Time Warner") in connection with their Direct Case filed in response to the Common Carrier Bureau's Order Designating Issues for Investigation.<sup>1</sup>

Time Warner contends that the data supplied by the Sprint LECs is "nonresponsive and therefore unusable for conducting a meaningful analysis of its virtual collocation overhead loadings."<sup>2</sup> Time Warner is concerned that the Sprint LECs "removed the portion of investment relating to customer premises facilities" from its TRP function charts thus making "the resulting TRP-function investment levels appear unreasonably low (which would tend to overstate the actual overhead levels for comparable services)."<sup>3</sup> Time Warner claims that "absent an explanation of why so little of the investment is located in the central office and, particularly why

<sup>1</sup> *Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection Through Virtual Collocation for Special Access and Switched Transport*, Order Designating Issues for Investigation, DA 95-374, CC Docket No. 94-97, Phase I, released February 28, 1995.

<sup>2</sup> Time Warner Opposition at 9.

<sup>3</sup> *Id.*

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a DS1 Entrance Function investment is claimed to be zero,” the Sprint LEC’s “TRP-function investment values are not credible.”<sup>4</sup>

The data supplied in the Direct Case by the Sprint LECs is responsive and useful for comparing overhead loadings between expanded interconnection services and DS1 services. The Sprint LECs’ data reflects investment information for comparable equipment required in the provision of DS1 Channel Terminations and DS1-related Expanded Interconnection service.

The Sprint LECs TRP function investment levels are accurate. The provision of typical DS1 Channel Termination service requires circuit equipment in the LEC central office, outside plant facilities to the customer’s premises and circuit equipment at the customer’s premises. In contrast, the provision of DS1-related Expanded Interconnection service only requires circuit equipment in the LEC central office. In order to more accurately compare the two services, the Sprint LECs included only the circuit equipment required in their central offices for the provision of typical DS1 Channel Termination service when completing the TRP function chart. Thus, removal of outside plant facilities and customer premises equipment associated only with Channel Termination services allows a more accurate comparison with Expanded Interconnection service. Further, the description of the TRP functions provided by the Commission and shown at the bottom of each chart includes no mention of either outside plant or customer premises equipment as being applicable for this analysis. Thus, the data provided by the Sprint LECs is complete and in compliance with the information required by the Commission.

The central office investment of the Sprint LECs represents less than one half of the total investment required to provide DS1 Channel Termination service. The Sprint LECs recognize

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<sup>4</sup> *Id.* at 10.

that overhead factors must have a reasonable relationship to the investment dedicated to specific services. Thus, to ensure accurate computation of comparable overhead factors, the “Monthly Rate per Unit” amount shown on each TRP function chart applies overheads based on only central office investment, the investment that is comparable between DS1 Channel Termination service and Expanded Interconnection DS1 service. For example, if central office investment represents 33% of the total investment required to provide DS1 Channel Terminations service, the “Monthly Rate per Unit” is shown as 33% of the total tariffed rate charged for the service.

If the Sprint LECs had based their “Monthly Rate per Unit” on total DS1 Channel Termination costs, the resulting TRP function investment levels would not reflect the actual central office equipment that is comparable because the majority of investment required to provide typical DS1 Channel Termination service is located outside the LEC central office. The DS1 Channel Termination service investment outside the LEC central office consists of outside plant facilities and customer premises circuit equipment dedicated to the customer. That portion of the DS1 Channel Termination investment located outside the LEC central office is not needed for DS1 Expanded Interconnection service and is appropriately excluded for purposes of making a fair comparison of the overhead loadings applied to common investment between DS1 Channel Termination service and DS1 Expanded Interconnection service.

Time Warner noted that the Sprint LECs indicated a zero investment level for the DS1 Entrance Function. The Sprint LECs use different investment components for DS1 Entrance Function when providing DS1 Channel Termination service and DS1 Expanded Interconnection service. For DS1 Channel Termination service, the Entrance Function is typically accomplished through copper outside plant facilities terminating at the LEC central office main frame. In

comparison, for DS1-related Expanded Interconnection service, the Entrance Function is accomplished through fiber facilities routed through conduit to connect directly to terminating equipment dedicated to the interconnector. These configurations are not comparable and for this reason the Sprint LECs did not include them in the TRP function investment.

Time Warner also contends that the Sprint LECs have “neither identified nor justified its ‘assumptions’” concerning estimated service lives, the authorized rate of return or income tax rates at the federal or state level.<sup>5</sup> Time Warner failed to examine the filing of the Sprint LECs in detail and apparently overlooked the portion of the filing containing the alleged missing assumptions.

The Sprint LECs provided an explicit showing of the estimated service life of investment used in the provision of DS1 Channel Termination and DS1-related Expanded Interconnection services on the TRP function chart, Lines 1-20. The cost of money calculation is explicitly shown on Line 23 of each TRP function chart along with an explicit showing of both federal and state taxes on Lines 24 and 25, respectively. A comparison of the TRP function charts for DS1 Channel Termination service and DS1-related Expanded Interconnections service reveals similar estimates of service lives for comparable investment components, a similar effective percentage cost of money and application of similar federal and state income tax rates. The Sprint LECs provided the required data and assert that Time Warner is mistaken in its claim that the assumptions concerning this data was not provided. Clearly, the data was provided and the Time Warner claim to the contrary and its proposed relief should be rejected.

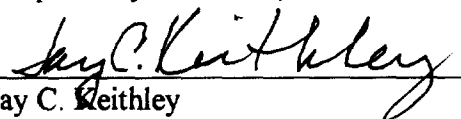
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<sup>5</sup> *Id.* at 23.

The Sprint LECs provide Expanded Interconnection service at some of the lowest rates in the industry and have a very simple rate structure. The Sprint LECs believe that their current rates are fair, reasonable and should be adopted as final rates. While other LECs have been the target of significant controversy, the Sprint LECs received very little criticism and have herein provided answers to the mild opposition of Time Warner. Rather than subject the Sprint LECs to further investigation of the industry caused by complaints about other LECs, the Commission should approve the current rates of the Sprint LECs and target any future efforts on those LECs that continue to cause significant controversy.

Accordingly, for the reasons discussed above, the opposition of Time Warner to the direct case of the Sprint LECs should be rejected and the Expanded Interconnection rates that are now in effect for the Sprint LECs should be adopted as final rates.

Respectfully submitted,

  
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April 11, 1995

## CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 11th day of April, 1995, sent via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "The United and Central Telephone Companies Reply to Opposition of Time Warner" in the Matter of Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection Through Virtual Collocation for Special Access and Switched Transport, CC Docket No. 94-97 Phase I, filed this date with the Acting Secretary, Federal Communications Commission, to the persons on the attached service list.

  
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